

House File 2502 - Introduced

HOUSE FILE 2502
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO HSB 566)

A BILL FOR

1 An Act concerning public retirement systems, including the
2 public safety peace officers' retirement, accident, and
3 disability system, the Iowa public employees' retirement
4 system, and the statewide fire and police retirement system,
5 making appropriations, and including effective date and
6 retroactive applicability provisions.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I
2 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
3 ACCIDENT, AND DISABILITY SYSTEM

4 Section 1. Section 80.8, Code 2009, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 4. Should a peace officer become
7 incapacitated for duty as a natural and proximate result
8 of an injury, disease, or exposure incurred or aggravated
9 while in the actual performance of duty at some definite
10 time or place, the peace officer shall, upon being found to
11 be temporarily incapacitated following an examination by a
12 workers' compensation physician or other approved physician
13 be entitled to receive the peace officer's fixed pay and
14 allowances, without using the peace officer's sick leave,
15 until reexamined by a workers' compensation physician or other
16 approved physician or examined by the medical board provided
17 for in section 97A.5, and found to be fully recovered or
18 permanently disabled. In addition, a peace officer found to
19 be temporarily incapacitated under this subsection shall be
20 credited with any sick leave used prior to the determination
21 that the peace officer was temporarily incapacitated under this
22 subsection for the period of time sick leave was used. For
23 purposes of this subsection, disease shall mean as described
24 in section 97A.6, subsection 5.

25 Sec. 2. Section 97A.1, subsection 6, Code 2009, is amended
26 to read as follows:

27 6. "*Child*" means only the surviving issue of a deceased
28 active or retired member, or a child legally adopted by a
29 deceased member prior to the member's retirement. "*Child*"
30 includes only an individual who is under the age of eighteen
31 years, an individual who is under the age of twenty-two and is
32 a full-time student, or an individual who is disabled under the
33 definitions used in section ~~402~~ 202 of the Social Security Act
34 as amended if the disability occurred to the individual during
35 the time the individual was under the age of eighteen years

1 and the parent of the individual was an active member of the
2 system.

3 Sec. 3. Section 97A.6, subsection 2, paragraph e,
4 subparagraph (6), Code 2009, is amended to read as follows:

5 (6) For a member who terminates service, other than by
6 death ~~or disability~~, on or after July 1, 2000, and who does
7 not withdraw the member's contributions pursuant to section
8 97A.16, upon the member's retirement there shall be added
9 two and three-fourths percent of the member's average final
10 compensation for each year of service over twenty-two years.
11 However, this subparagraph does not apply to more than ten
12 additional years of service.

13 Sec. 4. Section 97A.6, subsection 5, paragraph b, Code 2009,
14 is amended by striking the paragraph.

15 Sec. 5. Section 97A.6, subsection 7, paragraph a,
16 subparagraph (2), Code 2009, is amended to read as follows:

17 (2) A beneficiary retired under the provisions of this
18 paragraph in order to be eligible for continued receipt of
19 retirement benefits shall no later than May 15 of each year
20 submit to the board of trustees a copy of the beneficiary's
21 ~~state~~ federal individual income tax return for the preceding
22 year. The beneficiary shall also submit, within sixty days,
23 any documentation requested by the system that is determined to
24 be necessary by the system to determine the beneficiary's gross
25 wages.

26 Sec. 6. Section 97A.6, subsection 7, paragraph b, Code 2009,
27 is amended to read as follows:

28 b. Should a disability beneficiary under age fifty-five
29 be restored to active service at a compensation not less than
30 the disability beneficiary's average final compensation, the
31 disability beneficiary's retirement allowance shall cease, the
32 disability beneficiary shall again become a member and shall
33 contribute thereafter at the same rate payable by other members
34 of comparable rank, seniority, and age, and former service on
35 the basis of which the disability beneficiary's service was

1 computed at the time of retirement shall be restored to full
2 force and effect. Upon subsequent retirement the disability
3 beneficiary shall be credited with all service as a member, and
4 also with no more than two years of the period of disability
5 retirement.

6 Sec. 7. Section 97A.8, subsection 1, paragraph b,
7 subparagraph (2), subparagraph division (e), Code 2009, is
8 amended by striking the subparagraph division and inserting in
9 lieu thereof the following:

10 (e) For the fiscal year beginning July 1, 2012, twenty-seven
11 percent.

12 (f) For the fiscal year beginning July 1, 2013, twenty-nine
13 percent.

14 (g) For the fiscal year beginning July 1, 2014, thirty-one
15 percent.

16 (h) For the fiscal year beginning July 1, 2015, thirty-three
17 percent.

18 (i) For the fiscal year beginning July 1, 2016, thirty-five
19 percent.

20 (j) For each fiscal year beginning on or after July 1, 2017,
21 the lesser of thirty-seven percent or the normal contribution
22 rate as calculated pursuant to subparagraph (l).

23 Sec. 8. Section 97A.8, subsection 1, paragraph e,
24 subparagraph (8), Code 2009, is amended to read as follows:

25 (8) (a) For purposes of this subparagraph, the "applicable
26 employee percentage" shall be as follows:

27 (i) For the fiscal period beginning July 1, 2006, and ending
28 June 30, 2011, nine and thirty-five hundredths percent.

29 (ii) For the fiscal year beginning July 1, 2011, nine and
30 eighty-five hundredths percent.

31 (iii) For the fiscal year beginning July 1, 2012, ten and
32 thirty-five hundredths percent.

33 (iv) For the fiscal year beginning July 1, 2013, ten and
34 eighty-five hundredths percent.

35 (v) For the fiscal year beginning July 1, 2014, and each

1 fiscal year thereafter, eleven and thirty-five hundredths
 2 percent.

3 **(b)** Notwithstanding any other provision of this chapter,
 4 beginning July 1, 1996, and each fiscal year thereafter, an
 5 amount equal to the member's contribution rate times each
 6 member's compensation shall be paid to the retirement fund from
 7 the earnable compensation of the member. For the purposes
 8 of this subparagraph, the member's contribution rate shall
 9 be ~~nine and thirty-five hundredths percent~~ the applicable
 10 employee percentage. However, ~~the system shall increase the~~
 11 ~~member's contribution rate as necessary to cover any increase~~
 12 ~~in cost to the system resulting from statutory changes which~~
 13 ~~are enacted by any session of the general assembly meeting~~
 14 ~~after January 1, 1995, if the increase cannot be absorbed~~
 15 ~~within the contribution rates otherwise established pursuant to~~
 16 ~~this paragraph, but subject to a maximum employee contribution~~
 17 ~~rate of eleven and three-tenths percent. After the employee~~
 18 ~~contribution reaches eleven and three-tenths percent, sixty~~
 19 ~~percent of the additional cost of such statutory changes shall~~
 20 ~~be paid by the employer under paragraph "c" and forty percent~~
 21 ~~of the additional cost shall be paid by employees under this~~
 22 ~~subparagraph (8).~~

23 Sec. 9. Section 97A.8, subsection 1, Code 2009, is amended
 24 by adding the following new paragraph:

25 **NEW PARAGRAPH.** *i.* Notwithstanding any provision of this
 26 subsection to the contrary, if any statutory changes are
 27 enacted by any session of the general assembly meeting after
 28 January 1, 2011, which increases the cost to the system,
 29 the system shall, if the increased cost cannot be absorbed
 30 within the contribution rates otherwise established pursuant
 31 to this subsection at the time the statutory changes are
 32 enacted, increase the normal contribution rate and the member's
 33 contribution rate as necessary to cover any increase in cost
 34 by providing that sixty percent of the additional cost of such
 35 statutory changes shall be paid by the employer under paragraph

1 "c" and forty percent of the additional cost shall be paid by
2 employees under paragraph "e", subparagraph (8).

3 Sec. 10. Section 97A.10, subsection 1, paragraph a,
4 subparagraph (1), Code 2009, is amended to read as follows:

5 (1) "*Eligible qualified service*" means ~~as follows:~~

6 ~~(a) Service with the department prior to July 1, 1994, in~~
7 ~~a position as a gaming enforcement officer, fire prevention~~
8 ~~inspector peace officer, or as an employee of the division of~~
9 ~~capitol police except clerical workers.~~

10 (b) ~~Service~~ service as a member of a city fire retirement
11 system or police retirement system operating under chapter 411
12 prior to January 1, 1992, for which service was not eligible to
13 be transferred to this system pursuant to section 97A.17.

14 Sec. 11. Section 97A.10, subsections 2 and 3, Code 2009, are
15 amended to read as follows:

16 2. An active member of the system may make contributions to
17 the system to purchase up to the maximum amount of permissive
18 service credit for eligible qualified service as determined by
19 the system, pursuant to Internal Revenue Code section 415(n)
20 and the requirements of this section. A member seeking to
21 purchase permissive service credit pursuant to this section
22 shall file a written application along with appropriate
23 documentation with the department by July 1, ~~2007~~ 2011.

24 3. A member making contributions for a purchase of
25 permissive service credit for eligible qualified service under
26 this section shall make contributions in an amount equal to the
27 actuarial cost of the permissive service credit purchase, less
28 an amount equal to the member's contributions under chapter
29 411 for the period of eligible qualified service together
30 with interest at a rate determined by the board of trustees.

31 For purposes of this subsection, the actuarial cost of the
32 permissive service credit purchase is an amount determined by
33 the system in accordance with actuarial tables, as reported
34 to the system by the system's actuary, which reflects the
35 actuarial cost necessary to fund an increased retirement

1 allowance resulting from the purchase of permissive service
2 credit.

3 Sec. 12. Section 97A.11, Code 2009, is amended to read as
4 follows:

5 **97A.11 Contributions by the state.**

6 On or before the first day of ~~November~~ January in each year,
7 the board of trustees shall certify to the director of the
8 department of administrative services the amounts which will
9 become due and payable during the fiscal year next following to
10 the retirement fund. The amounts so certified shall be paid
11 by the director of the department of administrative services
12 out of the funds appropriated for the Iowa department of public
13 safety, to the treasurer of state, the same to be credited to
14 the system for the ensuing fiscal year.

15 Sec. 13. NEW SECTION. **97A.11A Supplemental state**
16 **appropriation.**

17 1. Beginning with the fiscal year commencing July 1,
18 2012, and ending June 30 of the fiscal year during which the
19 board determines that the system's funded ratio of assets
20 to liabilities is at least eighty-five percent, there is
21 appropriated from the general fund of the state for each fiscal
22 year to the retirement fund described in section 97A.8, an
23 amount equal to five million dollars.

24 2. Moneys appropriated by the state pursuant to this section
25 shall not be used to reduce the normal rate of contribution by
26 the state below seventeen percent.

27 Sec. 14. Section 97A.14, Code 2009, is amended to read as
28 follows:

29 **97A.14 Hospitalization and medical attention.**

30 1. The board of trustees shall provide hospital, nursing,
31 and medical attention for the members in service when injured
32 while in the performance of their duties and shall continue
33 to provide hospital, nursing, long-term care, and medical
34 attention for injuries or diseases incurred while in the
35 performance of their duties for the members but only while

1 the members are still receiving a retirement allowance under
 2 section 97A.6, subsection 6. The cost of hospital, nursing,
 3 and medical attention shall be paid out of the retirement fund.
 4 However, any amounts received by the injured person under the
 5 workers' compensation law of the state, or from any other
 6 source for such specific purposes, shall be deducted from the
 7 amount paid by the board of trustees ~~provisions of~~ under this
 8 section.

9 2. For purposes of this section, medical attention shall
 10 include but not be limited to services provided by licensed
 11 medical personnel to include office, hospital, nursing home
 12 care, long-term care, and prescriptions for medicine or
 13 equipment. Within twelve months of receiving treatment or
 14 incurring a cost with direct correlation to the disabling
 15 condition, the beneficiary of an accidental disability benefit
 16 shall submit a written request for reimbursement to the board.
 17 A denial of reimbursement by the board shall be subject to
 18 judicial review in the same manner as any other action by the
 19 board in accordance with section 97A.6, subsection 13.

20 Sec. 15. PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
 21 ACCIDENT, AND DISABILITY SYSTEM — ADDITIONAL APPROPRIATION
 22 FOR PURCHASE OF SERVICE. If section 97A.10 is amended by this
 23 Act to provide for the purchase of eligible service credit on
 24 and after July 1, 2010, there shall be appropriated from the
 25 general fund of the state to the retirement fund described in
 26 section 97A.8 an amount equal to that portion of the actuarial
 27 cost of the permissive service credit purchase for eligible
 28 service credit pursuant to section 97A.10 that is not required
 29 to be contributed by a member making contributions to the
 30 system for that purchase.

31 Sec. 16. PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
 32 ACCIDENT, AND DISABILITY SYSTEM — EMPLOYERS CONTRIBUTION RATE
 33 CALCULATION STUDY.

34 1. The board of trustees of the Iowa department of public
 35 safety peace officers' retirement, accident, and disability

1 system, as defined in section 97A.2, shall, in consultation
2 with the system's actuary, conduct a study concerning the
3 calculation of the employers contribution rate beginning on and
4 after July 1, 2017, with the goal of establishing a mechanism
5 for ensuring that the system's funded ratio of assets to
6 liabilities is at least eighty-five percent.

7 2. On or before October 15, 2015, the board of trustees
8 shall file a report with the legislative services agency, for
9 distribution to the public retirement systems committee, which
10 contains the results of the study and any recommendations for
11 statutory changes to implement the recommendations of the
12 study.

13 Sec. 17. PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
14 ACCIDENT, AND DISABILITY SYSTEM — ADJUSTMENT OF PENSIONS
15 PAYABLE. It is the intent of the general assembly that the
16 applicable amount for each adjustment occurring on July 1
17 as provided in section 97A.6, subsection 14, paragraph "a",
18 subparagraph (2), subparagraph division (a), shall be the
19 exact dollar amount listed in each subparagraph subdivision
20 of subparagraph division (a) for each July 1 in which that
21 particular subparagraph subdivision applies and shall not
22 be increased above the amount listed in that subparagraph
23 subdivision for each year that the subparagraph subdivision
24 applies.

25 Sec. 18. PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
26 ACCIDENT, AND DISABILITY SYSTEM — BOARD REPORT.

27 1. The board of trustees of the Iowa department of
28 public safety peace officers' retirement, accident, and
29 disability system, as defined in section 97A.2, shall
30 conduct a comprehensive examination of the plan design
31 of the Iowa department of public safety peace officers'
32 retirement, accident, and disability system, pursuant to the
33 principles established in chapter 97D, with the goal of making
34 recommendations for benefit and other statutory changes to the
35 system that will maintain an adequate retirement for members at

1 a reasonable cost to members and employers.

2 2. On or before October 15, 2011, the board of trustees
3 shall file a report with the legislative services agency, for
4 distribution to the public retirement systems committee, which
5 contains the results of the comprehensive examination and any
6 recommendations for benefit or other statutory changes to the
7 system.

8 DIVISION II

9 IOWA PUBLIC EMPLOYEES'

10 RETIREMENT SYSTEM

11 Sec. 19. Section 97B.1A, Code Supplement 2009, is amended by
12 adding the following new subsection:

13 NEW SUBSECTION. 10A. "*Final average covered wage*" means the
14 greater of the following:

15 a. (1) The member's covered wages averaged for the
16 highest five years of the member's regular service, except
17 as otherwise provided in this paragraph. The highest five
18 years of a member's covered wages shall be determined using
19 calendar years. However, if a member's final quarter of a
20 year of employment does not occur at the end of a calendar
21 year, the system may determine the wages for the fifth year by
22 computing the average quarter of all quarters from the member's
23 highest calendar year of covered wages not being used in the
24 selection of the four highest years and using the computed
25 average quarter for each quarter in the fifth year in which
26 no wages have been reported in combination with the final
27 quarter or quarters of the member's service to create a full
28 calendar year. However, the system shall not use the member's
29 final quarter of wages if using that quarter would reduce
30 the member's final average covered wage. If the five-year
31 average covered wage of a member exceeds the highest maximum
32 covered wages in effect for a calendar year during the member's
33 period of service, the five-year average covered wage of the
34 member shall be reduced to the highest maximum covered wages in
35 effect during the member's period of service. Notwithstanding

1 any other provision of this subparagraph to the contrary,
 2 a member's wages for the fifth year as computed under this
 3 subparagraph shall not exceed, by more than three percent, the
 4 member's highest actual calendar year of covered wages.

5 (2) Notwithstanding any other provisions of this paragraph
 6 "a" to the contrary, the member's five-year average covered
 7 wage shall be the lesser of the five-year average covered wage
 8 as calculated pursuant to subparagraph (1) and the adjusted
 9 covered wage amount. For purposes of this subparagraph (2),
 10 the covered wage amount shall be an amount equal to one hundred
 11 thirty-four percent of the member's applicable calendar year
 12 wages. The member's applicable calendar year wages shall be
 13 the member's highest calendar year of covered wages not used in
 14 the calculation of the member's five-year average covered wage
 15 pursuant to subparagraph (1), or such other calendar year of
 16 covered wages selected by the system pursuant to rules adopted
 17 by the system.

18 b. If the member was vested as of June 30, 2012, the
 19 member's three-year average covered wage as of June 30, 2012.

20 Sec. 20. Section 97B.1A, subsection 24, paragraph c, Code
 21 Supplement 2009, is amended to read as follows:

22 c. Notwithstanding any other provisions of this subsection
 23 to the contrary, for a member who retires on or after July 1,
 24 2007, the member's three-year average covered wage shall be the
 25 lesser of the three-year average covered wage as calculated
 26 pursuant to paragraph "a" and the adjusted covered wage
 27 amount. For purposes of this paragraph, the adjusted covered
 28 wage amount shall be the greater of the member's three-year
 29 average covered wage calculated pursuant to paragraph "a" as
 30 of July 1, 2007, and an amount equal to one hundred twenty-one
 31 percent of the member's applicable calendar year wages. The
 32 member's applicable calendar year wages shall be the member's
 33 highest full calendar year of covered wages not used in the
 34 calculation of the member's three-year average covered wage
 35 pursuant to paragraph "a", or, ~~if the member does not have~~

~~1 another full calendar year of covered wages that was not used
2 in the calculation of the three-year average covered wage under
3 paragraph "a", the lowest full calendar year of covered wages
4 that was used in the calculation of the member's three-year
5 average covered wage pursuant to paragraph "a" such other
6 calendar year of covered wages selected by the system pursuant
7 to rules adopted by the system.~~

8 Sec. 21. Section 97B.1A, subsection 25, paragraph a,
9 subparagraphs (1) through (5), Code Supplement 2009, are
10 amended by striking the subparagraphs and inserting in lieu
11 thereof the following:

12 (1) Is vested by service.

13 (2) Prior to July 1, 2005, has attained the age of
14 fifty-five.

15 (3) Between July 1, 2005, and June 30, 2012, has attained
16 the age of fifty-five or greater while in covered employment.

17 (4) On and after July 1, 2012, meets one of the following
18 requirements:

19 (a) For a member in special service, has attained the age of
20 fifty-five or greater while in covered employment.

21 (b) For a member in regular service, has attained the age of
22 sixty-five or greater while in covered employment.

23 Sec. 22. Section 97B.1A, subsection 25, Code Supplement
24 2009, is amended by adding the following new paragraph:

25 NEW PARAGRAPH. *d. "Vested by service"* means a member who
26 meets one of the following requirements:

27 (1) Prior to July 1, 1965, had attained the age of
28 forty-eight and completed at least eight years of service.

29 (2) Between July 1, 1965, and June 30, 1973, had completed
30 at least eight years of service.

31 (3) Between July 1, 1973, and June 30, 2012, had completed
32 at least four years of service.

33 (4) On and after July 1, 2012, meets one of the following
34 requirements:

35 (a) For a member in special service, has completed at least

1 four years of special service.

2 (b) For a member in regular service, has completed at least
3 seven years of service.

4 (5) On or after July 1, 1988, an inactive member who had
5 accumulated, as of the date of the member's last termination of
6 employment, years of membership service equal to or exceeding
7 the years of membership service specified in this paragraph
8 "d" for qualifying as vested by service on that date of
9 termination.

10 Sec. 23. Section 97B.4, subsection 2, paragraph c, Code
11 2009, is amended to read as follows:

12 ~~c. In administering this chapter, the system may enter into~~
13 ~~a biennial agreement with the department of administrative~~
14 ~~services concerning the sharing of resources between the~~
15 ~~system and department which are of benefit to each and~~
16 ~~which are consistent with the mission of the system and~~
17 ~~the department.~~ The budget program for the system shall be
18 established by the chief executive officer in consultation with
19 the board and other staff of the system and shall be compiled
20 and submitted by the system pursuant to section 8.23.

21 Sec. 24. Section 97B.4, subsection 4, paragraph a, Code
22 2009, is amended to read as follows:

23 *a. Annual report to governor.* Not later than the
24 thirty-first day of December of each year, the system shall
25 submit to the governor a report covering the administration
26 and operation of this chapter during the preceding fiscal
27 year and shall make recommendations for amendments to this
28 chapter. The report shall include a balance sheet of the
29 moneys in the retirement fund. The report shall also include
30 information concerning the investment management expenses
31 for the retirement fund for each fiscal year expressed as a
32 percent of the market value of the retirement fund investment
33 ~~assets, including the information described in section 97B.7,~~
34 ~~subsection 3, paragraph "d".~~ The information provided under
35 this paragraph shall also include information on the investment

1 policies and investment performance of the retirement fund.
 2 In providing this information, to the extent possible, the
 3 system shall include the total investment return for the entire
 4 fund, for portions of the fund managed by investment managers,
 5 and for internally managed portions of the fund, and the cost
 6 of managing the fund per thousand dollars of assets. The
 7 performance shall be based upon market value, and shall be
 8 contrasted with relevant market indices and with performances
 9 of pension funds of similar asset size.

10 Sec. 25. Section 97B.11, subsection 3, paragraph d, Code
 11 2009, is amended to read as follows:

12 *d. "Required contribution rate"* means that percentage of the
 13 covered wages of members in regular service, members described
 14 in section 97B.49B, and members described in section 97B.49C,
 15 that the system shall, for each fiscal year, separately set
 16 for members in each membership category as provided in this
 17 paragraph. The required contribution rate that is set by the
 18 system for a membership category shall be the contribution
 19 rate the system actuarially determines, based upon the
 20 most recent actuarial valuation of the system and using the
 21 actuarial methods, assumptions, and funding policy approved
 22 by the investment board, is the rate required by the system
 23 to discharge its liabilities as a percentage of the covered
 24 wages of members in that membership category. However, the
 25 required contribution rate set by the system for members in
 26 regular service for a fiscal year shall not vary by more than
 27 ~~one-half~~ one percentage point from the required contribution
 28 rate for the prior fiscal year.

29 Sec. 26. Section 97B.49A, subsection 3, Code 2009, is
 30 amended to read as follows:

31 3. *Calculation of monthly allowance.* For each active or
 32 inactive vested member retiring on or after July 1, 1994, with
 33 four or more complete years of service, a monthly benefit shall
 34 be computed which is equal to one-twelfth of an amount equal
 35 to the applicable percentage of the ~~three-year~~ final average

1 covered wage multiplied by a fraction of years of service.
2 However, if benefits under this section commence on an early
3 retirement date, the amount of the benefit shall be reduced in
4 accordance with section 97B.50.

5 Sec. 27. Section 97B.49A, subsection 4, paragraph c, Code
6 2009, is amended to read as follows:

7 c. For each active and vested member retiring ~~with less than~~
8 ~~four complete years of service and~~ who therefore cannot have a
9 benefit determined under the formula benefit of paragraph "a"
10 or "b" of this subsection, subsection 3, or section 97B.49G,
11 subsection 1, a monthly annuity for membership service shall be
12 determined by applying the member's accumulated contributions
13 and the employer's matching accumulated contributions as of the
14 effective retirement date and any retirement dividends standing
15 to the member's credit on or before December 31, 1966, to the
16 annuity tables in use by the system according to the member's
17 age and contingent annuitant's age, if applicable.

18 Sec. 28. Section 97B.49D, subsection 1, unnumbered
19 paragraph 1, Code 2009, is amended to read as follows:

20 An active or inactive vested member, who is or has been
21 employed in both special service and regular service, who
22 retires on or after July 1, 1996, ~~with four or more completed~~
23 ~~years of~~ who is vested by service, and who at the time of
24 retirement is at least fifty-five years of age, may elect
25 to receive, in lieu of the receipt of a monthly retirement
26 allowance as calculated pursuant to sections 97B.49A through
27 97B.49C, a combined monthly retirement allowance equal to the
28 sum of the following:

29 Sec. 29. Section 97B.49D, subsection 1, paragraph a, Code
30 2009, is amended to read as follows:

31 a. One-twelfth of an amount equal to the applicable
32 percentage of the member's ~~three-year~~ final average covered
33 wage multiplied by a fraction of years of service. The
34 fraction of years of service for purposes of this paragraph
35 shall be the actual years of service, not to exceed thirty,

1 for which regular service contributions were made, divided by
2 thirty. However, any otherwise applicable age reduction for
3 early retirement shall apply to the calculation under this
4 paragraph.

5 Sec. 30. Section 97B.50, subsection 1, paragraphs a and b,
6 Code 2009, are amended to read as follows:

7 a. For a member who is ~~less than sixty-two years of age not~~
8 vested on June 30, 2012, by twenty-five hundredths one-half of
9 one percent per month for each month that the early retirement
10 date precedes the ~~normal retirement date~~ the member attains age
11 sixty-five.

12 b. For a member who is ~~at least sixty-two years of age and~~
13 ~~who has not completed twenty years of membership service and~~
14 ~~prior service~~ vested on June 30, 2012, the member's retirement
15 allowance shall be reduced as follows:

16 (1) For that portion of the member's retirement allowance
17 based on years of service through June 30, 2012, by twenty-five
18 hundredths of one percent per month for each month that the
19 early retirement date precedes the member's earliest normal
20 retirement date using the member's age on the early retirement
21 date and years of service as of June 30, 2012.

22 (2) For that portion of the member's retirement allowance
23 based on years of service after June 30, 2012, by one-half of
24 one percent per month for each month that the early retirement
25 date precedes the date the member attains age sixty-five.

26 Sec. 31. Section 97B.50A, subsection 2, paragraph c, Code
27 2009, is amended to read as follows:

28 c. (1) Disease under this subsection shall mean heart
29 disease or any disease of the lungs or respiratory tract and
30 shall be presumed to have been contracted while on active duty
31 as a result of strain, exposure, or the inhalation of noxious
32 fumes, poison, or gases.

33 (2) Disease under this subsection shall also mean, for
34 a member in a protection occupation, cancer or infectious
35 disease, as defined in section 411.1, and shall be presumed to

1 have been contracted while on active duty as a result of that
2 duty.

3 (3) However, if a person's special service membership in
4 the retirement system first commenced on or after July 1, 2000,
5 and the heart disease, ~~or~~ disease of the lungs or respiratory
6 tract, cancer, or infectious disease would not exist, but
7 for a medical condition that was known to exist on the date
8 that special service membership commenced, the presumption
9 established in this paragraph "c" shall not apply.

10 Sec. 32. Section 97B.52, subsection 1, unnumbered paragraph
11 1, Code 2009, is amended to read as follows:

12 If an inactive member, ~~with at least sixteen calendar~~
13 ~~quarters of service credit~~ who is vested by service, or
14 any active member dies prior to the member's first month of
15 entitlement, the member's beneficiary shall be entitled to
16 receive a death benefit equal to the greater of the amount
17 provided in paragraph "a" or "b". If an inactive member ~~with~~
18 ~~less than sixteen calendar quarters of service credit~~ who is
19 not vested by service dies prior to the member's first month of
20 entitlement, the member's beneficiary shall only be entitled
21 to receive a death benefit, as a lump sum, equal to the amount
22 provided in paragraph "a".

23 Sec. 33. Section 97B.52A, subsection 1, paragraph c, Code
24 2009, is amended to read as follows:

25 c. (1) For a member whose first month of entitlement
26 is July 2000 or later, the member does not return to any
27 employment with a covered employer until the member has
28 qualified for at least one calendar month of retirement
29 benefits, and the member does not return to covered employment
30 until the member has qualified for no fewer than four calendar
31 months of retirement benefits.

32 (2) For purposes of determining a bona fide retirement
33 under this paragraph "c", effective the following provisions
34 apply:

35 (a) Effective July 1, 2000, any employment with a covered

1 employer does not include employment as an elective official
2 or member of the general assembly if the member is not covered
3 under this chapter for that employment.

4 (b) For purposes of determining a bona fide retirement
5 under this paragraph and for a member whose first month of
6 entitlement is July 2004 or later, but before July 2010 2012,
7 covered employment does not include employment as a licensed
8 health care professional by a public hospital as defined in
9 section 249J.3, with the exception of public hospitals governed
10 pursuant to chapter 226.

11 (c) Effective May 25, 2008, any employment with a covered
12 employer does not include noncovered employment as a member of
13 the national guard called to state active duty as defined in
14 section 29A.1.

15 Sec. 34. Section 97B.58, Code 2009, is amended to read as
16 follows:

17 **97B.58 Information furnished by employer.**

18 To enable the system to administer this chapter and perform
19 its functions, the employer shall, upon the request of and
20 in the manner provided by the system, ~~supply full~~ provide
21 accurate, complete, and timely information to the system of
22 all matters relating to the pay of all members, date of birth,
23 their retirement, death, or other cause for termination of
24 employment, and other pertinent facts the system may require
25 in the manner provided by the system. The system shall not be
26 liable to any member, retiree, or beneficiary for any monetary
27 or other relief due to the failure of the employer to comply
28 with this section.

29 Sec. 35. 2008 Iowa Acts, chapter 1171, section 47, is
30 amended to read as follows:

31 SEC. 47. TRANSITION PROVISION — REQUIRED CONTRIBUTION RATE
32 FOR FISCAL YEAR 2010-2011. For purposes of establishing the
33 required contribution rate for the fiscal year beginning July
34 1, 2011, as provided in section 97B.11, as amended in this Act,
35 the required contribution rate for the fiscal year beginning

1 July 1, 2010, shall be, for ~~members in regular service~~, members
 2 described in section 97B.49B, and members described in section
 3 97B.49C, the total contribution percentage rate paid by members
 4 and employers of that membership group for the fiscal year
 5 beginning July 1, 2010.

6 Sec. 36. 2009 Iowa Acts, chapter 170, section 51,
 7 subsections 1 and 3, are amended to read as follows:

8 1. a. Notwithstanding any provision of chapter 97B to the
 9 contrary, a member of the Iowa public employees' retirement
 10 system who has an employer-mandated reduction in hours or
 11 an employee-exercised reduction in pay but remains on the
 12 employer's payroll, and who would receive a reduction in the
 13 member's three-year average covered wage as a result of the
 14 reduction in hours, may have the member's retirement allowance
 15 calculated based on the three-year average covered wage the
 16 member would have received, based on reasonable assumptions,
 17 if the member had not been subject to the employer-mandated
 18 reduction in hours or employee-exercised reduction in pay, upon
 19 payment by the member of the applicable contribution amount.

20 b. For purposes of this section, ~~the applicable contribution~~
 21 ~~amount~~ unless the context otherwise requires:

22 (1) "Applicable contribution amount" is an amount equal to
 23 the employee and employer contributions that would have been
 24 paid to the system based on the wages that the member would
 25 have received but for the employer-mandated reduction in hours
 26 or employee-exercised reduction in pay and would have been
 27 included in the member's three-year average covered wage.

28 (2) "Employee-exercised reduction in pay" means a reduction
 29 in pay of a member who has exercised bumping rights by
 30 accepting a lower-paid position in order to avoid being laid
 31 off by the employer.

32 3. This section shall apply to employer-mandated reductions
 33 in hours or employee-exercised reductions in pay during
 34 the period of time beginning on or after January 1, 2009,
 35 and ending no later than June 30, ~~2010~~ 2011. The system is

1 authorized to adopt such rules, including emergency rules, as
2 it deems necessary or prudent to implement this section.

3 Sec. 37. IPERS REGULAR MEMBERS — FINAL AVERAGE COVERED
4 WAGE— JULY 1, 2010 THROUGH JUNE 30, 2012. Notwithstanding any
5 provision of section 97B.1A, subsection 10A, as enacted by this
6 division of this Act, to the contrary, for the period beginning
7 July 1, 2010, and ending June 30, 2012, "final average covered
8 wage" means the member's three-year average covered wage.

9 Sec. 38. IPERS REGULAR MEMBERS — REQUIRED CONTRIBUTION
10 RATE FOR FISCAL YEAR 2011-2012. Notwithstanding any provision
11 of section 97B.11 to the contrary, for members in regular
12 service as defined in section 97B.1A, the required contribution
13 rate for the fiscal year beginning July 1, 2011, as provided
14 in section 97B.11, shall be thirteen and forty-five hundredths
15 percent.

16 Sec. 39. EFFECTIVE DATE. The section of this division of
17 this Act amending section 97B.50 takes effect June 30, 2012.

18 Sec. 40. EFFECTIVE UPON ENACTMENT AND RETROACTIVE
19 APPLICABILITY. The section of this division of this Act
20 enacting section 97B.52A, subsection 1, paragraph "c",
21 subparagraph (2), subparagraph division (c), being deemed of
22 immediate importance, takes effect upon enactment and applies
23 retroactively to May 25, 2008.

24 Sec. 41. EFFECTIVE UPON ENACTMENT AND RETROACTIVE
25 APPLICABILITY. The section of this division of this Act
26 amending 2009 Iowa Acts, chapter 170, section 51, being deemed
27 of immediate importance, takes effect upon enactment and
28 applies retroactively to January 1, 2009.

29 DIVISION III

30 STATEWIDE FIRE AND POLICE

31 RETIREMENT SYSTEM

32 Sec. 42. Section 8.59, Code 2009, is amended to read as
33 follows:

34 **8.59 Appropriations freeze.**

35 Notwithstanding contrary provisions of the Code, the amounts

1 appropriated under the applicable sections of the Code for
 2 fiscal years commencing on or after July 1, 1993, are limited
 3 to those amounts expended under those sections for the fiscal
 4 year commencing July 1, 1992. If an applicable section
 5 appropriates moneys to be distributed to different recipients
 6 and the operation of this section reduces the total amount to
 7 be distributed under the applicable section, the moneys shall
 8 be prorated among the recipients. As used in this section,
 9 "*applicable sections*" means sections 53.50, 229.35, 230.8,
 10 230.11, ~~411.20~~, and 663.44.

11 Sec. 43. Section 411.1, subsection 22, Code Supplement
 12 2009, is amended to read as follows:

13 22. "*Surviving spouse*" shall mean the surviving spouse of a
 14 deceased member ~~from active service~~. Surviving spouse shall
 15 include a former spouse only if the division of assets in the
 16 dissolution of marriage decree pursuant to section 598.17
 17 grants the former spouse rights of a spouse under this chapter.

18 Sec. 44. Section 411.6, subsection 3, Code Supplement 2009,
 19 is amended to read as follows:

20 3. *Ordinary disability retirement benefit*. Upon application
 21 to the system, of a member in good standing or of the chief
 22 of the police or fire departments, respectively, any member
 23 in good standing shall be retired by the system, not less
 24 than thirty and not more than ninety days next following the
 25 date of filing the application, on an ordinary disability
 26 retirement allowance, if the medical board after a medical
 27 examination of the member certifies that the member is mentally
 28 or physically incapacitated for further performance of duty,
 29 that the incapacity is likely to be permanent, and that the
 30 member should be retired. However, if a person's membership
 31 in the system first commenced on or after July 1, 1992, the
 32 member shall not be eligible for benefits with respect to a
 33 disability which would not exist, but for a medical condition
 34 that was known to exist on the date that membership commenced.
 35 A medical condition shall be deemed to have been known to exist

1 on the date that membership commenced if the medical condition
2 is reflected in any record or document completed or obtained
3 in accordance with the system's medical protocols pursuant to
4 section 400.8, or in any other record or document obtained
5 pursuant to an application for disability benefits from the
6 system, if such record or document existed prior to the date
7 membership commenced. A member who is denied a benefit under
8 this subsection, by reason of a finding by the medical board
9 that the member is not mentally or physically incapacitated
10 for the further performance of duty, shall be entitled to
11 be restored to active service in the same position held
12 immediately prior to the application for disability benefits.
13 The member-in-good-standing requirement of this subsection
14 may be waived for good cause as determined by the board. The
15 burden of establishing good cause is on the member.

16 Sec. 45. Section 411.6, subsection 8, paragraph c,
17 subparagraph (1), Code Supplement 2009, is amended to read as
18 follows:

19 (1) The spouse, regardless of whether the spouse was
20 designated by the member to the system as the member's
21 beneficiary.

22 Sec. 46. Section 411.6, subsection 8, paragraph d,
23 subparagraph (1), Code Supplement 2009, is amended to read as
24 follows:

25 (1) To the member's surviving spouse, unless the surviving
26 spouse selected the pension under paragraph "b".

27 Sec. 47. Section 411.6B, Code 2009, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 3. a. For distributions after December
30 31, 2009, a nonspouse beneficiary who is a designated
31 beneficiary may roll over all or any portion of the
32 beneficiary's distribution to an individual retirement account
33 the beneficiary establishes for purposes of receiving the
34 distribution by means of a direct rollover. In order to
35 qualify for a rollover under this subsection, the distribution

1 must otherwise satisfy the definition of an eligible
2 rollover distribution. If a nonspouse beneficiary receives a
3 distribution from the system, the distribution is not eligible
4 for a sixty-day rollover.

5 **b.** If the member's named beneficiary is a trust, the system
6 may make a direct rollover to an individual retirement account
7 on behalf of the trust, provided the trust satisfies the
8 requirements to be a designated beneficiary within the meaning
9 of Internal Revenue Code section 401(a)(9)(E).

10 **c.** A nonspouse beneficiary may not roll over an amount
11 which is a required minimum distribution, as determined
12 under applicable United States treasury regulations and
13 other federal Internal Revenue Service guidance. If the
14 participant dies before the participant's required beginning
15 date and the nonspouse beneficiary rolls over to an individual
16 retirement account the maximum amount eligible for rollover,
17 the beneficiary may elect to use either the five-year rule or
18 the life expectancy rule, pursuant to applicable United States
19 treasury regulations as provided in 26 C.F.R. § 1.401(a)(9)-3,
20 in determining the required minimum distributions from the
21 individual retirement account that receives the nonspouse
22 beneficiary's distribution.

23 Sec. 48. Section 411.8, subsection 1, paragraph b,
24 subparagraph (1), Code Supplement 2009, is amended to read as
25 follows:

26 (1) On the basis of the actuarial methods and assumptions,
27 rate of interest, and of the mortality, interest and other
28 tables adopted by the system, the actuary engaged by the system
29 to make each valuation required by this chapter pursuant to the
30 requirements of section 411.5, shall immediately after making
31 such valuation, determine the normal contribution rate. Except
32 as otherwise provided in this lettered paragraph, the "*normal*
33 *contribution rate*" shall be the rate percent of the earnable
34 compensation of all members equal to the rate required by the
35 system to discharge its liabilities, stated as a percentage of

1 the earnable compensation of all members, and reduced by the
2 employee contribution rate provided in paragraph "f" of this
3 subsection and the contribution rate representing the any state
4 appropriation made ~~as provided in section 411.20~~. However,
5 the normal contribution rate shall not be less than seventeen
6 percent.

7 Sec. 49. Section 411.9, Code 2009, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 1A. In the case of a member's death
10 occurring on or after January 1, 2007, if the member dies while
11 performing qualified military service as defined in section
12 414(u) of the Internal Revenue Code, the survivors of the
13 member are entitled to any additional benefits, other than
14 benefit accruals relating to the period of qualified military
15 service, provided by the system as if the member had resumed
16 membership service and had died as the natural and proximate
17 result of an injury or disease incurred in or aggravated by the
18 actual performance of duty at some definite time and place.

19 Sec. 50. Section 411.9, Code 2009, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 1B. For years beginning after December
22 31, 2008, if a member who is absent while serving in the armed
23 services of the United States is receiving a differential wage
24 payment, as defined in section 3401(h)(2) of the Internal
25 Revenue Code, from a participating city, all of the following
26 shall apply:

27 a. The member is treated as an employee of the employer
28 making the payment and as an active member of the system.

29 b. The differential wage payment is treated as earnable
30 compensation of the member.

31 c. The system is not treated as failing to meet the
32 requirements of any provision described in section 414(u)(1)(C)
33 of the Internal Revenue Code by reason of any contribution or
34 benefit which is based on the differential wage payment.

35 Sec. 51. NEW SECTION. 411.36A **Benefits advisory committee.**

1 1. A benefits advisory committee shall be established whose
2 duty is to consider and make recommendations to the general
3 assembly concerning the provision of benefits and services
4 to members of the retirement system. The benefits advisory
5 committee shall consist of five voting members who shall be as
6 follows:

7 *a.* A fire fighter, who is either an active or retired member
8 of the retirement system. The fire fighter shall be appointed
9 by the governing body of the Iowa association of professional
10 fire fighters.

11 *b.* A police officer, who is either an active or retired
12 member of the retirement system. The police officer shall
13 be appointed by the governing body of the Iowa state police
14 association.

15 *c.* Two representatives from different participating cities
16 of the system. The members authorized pursuant to this
17 paragraph shall be appointed by the governing body of the Iowa
18 league of cities.

19 *d.* One citizen who does not hold another public office. The
20 citizen shall be appointed by the other members of the advisory
21 committee.

22 2. Except as otherwise provided for the initial
23 appointments, the voting members shall be appointed for
24 four-year terms. Terms of voting members begin on May 1 in
25 the year of appointment and expire on April 30 in the year of
26 expiration.

27 3. Vacancies shall be filled in the same manner as original
28 appointments. A vacancy shall be filled for the unexpired
29 term.

30 4. The advisory committee shall elect a chairperson from
31 among its own members.

32 5. *a.* The voting members of the advisory committee shall
33 be paid their actual and necessary expenses incurred in the
34 performance of their duties and shall receive a per diem as
35 specified in section 7E.6 for each day of service. Per diem

1 and expenses shall be paid to voting members from the fire and
2 police retirement fund created in section 411.8.

3 *b.* A participating city shall allow an employee who is a
4 member of the advisory committee to attend all meetings of
5 the advisory committee. In their capacity as members of the
6 advisory committee, which is an instrumentality of political
7 subdivisions of the state, members of the advisory committee
8 shall be deemed to be jointly serving the members of the system
9 and the participating cities. The members of the advisory
10 committee shall perform their duties in the best interest of
11 the system. Advisory committee members who are employees
12 of participating cities shall be allowed to attend advisory
13 committee meetings without being required to use paid leave.
14 Costs incurred by an advisory committee member which are
15 associated with having a replacement perform the member's other
16 duties for the participating city while serving in the capacity
17 of a member of the advisory committee may be considered a
18 necessary expense of the system.

19 6. At least every two years, the benefits advisory committee
20 shall review the benefits and services provided to members
21 under this chapter, and the voting members of the committee
22 shall make recommendations to the general assembly concerning
23 the services provided to members and the benefits, benefits
24 policy, and benefit goals, provided under this chapter.

25 7. *Administrative support.* The system shall provide
26 administrative support for the advisory committee.

27 Sec. 52. Section 411.37, subsections 2 and 3, Code 2009, are
28 amended to read as follows:

29 2. The board shall include in the transition plan or other
30 transition documents, provisions to facilitate continuity under
31 sections 411.20, 411.21, and 411.30, and any appropriations to
32 the system from the state.

33 3. For each of the fiscal years beginning July 1, 1990,
34 and July 1, 1991, ten percent of the amount appropriated by
35 the state for distribution to cities ~~as provided in section~~

1 ~~411.20~~ shall be made available to the board of trustees for
 2 the statewide system to cover the administrative costs of the
 3 transition. The amount distributed to each city shall be
 4 reduced accordingly. The moneys remaining unencumbered or
 5 unexpended at the end of the fiscal year beginning July 1,
 6 1990, and the moneys remaining unencumbered or unexpended on
 7 January 1, 1992, shall be credited to the cities in the same
 8 proportion as the reduction.

9 Sec. 53. REPEAL. Section 411.20, Code 2009, is repealed.

10 Sec. 54. STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM FUND
 11 — APPROPRIATIONS.

12 1. There is appropriated from the general fund of the state
 13 for deposit in the statewide fire and police retirement fund
 14 created in section 411.8, for the designated fiscal years, the
 15 following amounts:

16 FY 2010-2011	\$ 1,500,000
17 FY 2011-2012	\$ 750,000

18 2. Moneys appropriated by the state pursuant to this section
 19 shall not be used to reduce the normal rate of contribution of
 20 any city below 17 percent.

21 Sec. 55. STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM —
 22 ADVISORY COMMITTEE REPORT.

23 1. The benefits advisory committee of the statewide fire
 24 and police retirement system created in chapter 411, as enacted
 25 by this division of this Act, shall conduct a comprehensive
 26 examination of the plan design of the statewide fire and police
 27 retirement system, pursuant to the principles established
 28 in chapter 97D, with the goal of making recommendations for
 29 benefit and other statutory changes to the system that will
 30 maintain an adequate retirement for members at a reasonable
 31 cost to members and employers.

32 2. On or before October 15, 2011, the benefits advisory
 33 committee shall file a report with the legislative services
 34 agency, for distribution to the public retirement systems
 35 committee, which contains the results of the comprehensive

1 examination and any recommendations for benefit or other
2 statutory changes to the system.

3 Sec. 56. EFFECTIVE UPON ENACTMENT AND RETROACTIVE
4 APPLICABILITY. The section of this division of this Act
5 enacting section 411.9, subsection 1A, being deemed of
6 immediate importance, take effect upon enactment and applies
7 retroactively to deaths occurring on or after January 1, 2007.

8 Sec. 57. EFFECTIVE UPON ENACTMENT AND RETROACTIVE
9 APPLICABILITY. The section of this division of this Act
10 enacting section 411.9, subsection 1B, being deemed of
11 immediate importance, takes effect upon enactment and applies
12 retroactively to years beginning after December 31, 2008.

13 EXPLANATION

14 This bill makes numerous changes to public retirement
15 systems, including the public safety peace officers'
16 retirement, accident, and disability system, the Iowa public
17 employees' retirement system, and the statewide fire and police
18 retirement system. The bill may include a state mandate as
19 defined in Code section 25B.3. The state mandate funding
20 requirement in Code section 25B.2, however, does not apply to
21 public employee retirement systems. The changes to each public
22 retirement system are as follows:

23 PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM
24 (PORS). Code section 97A.1(6), concerning the definition of
25 child, is amended by correcting a reference to the federal
26 Social Security Act.

27 Code section 97A.6(5)(b), concerning the continuation of
28 peace officer pay and allowances while the peace officer
29 is temporarily incapacitated, is amended by striking this
30 provision and transferring it to Code section 80.8.

31 Code section 97A.6(7), concerning reexamination of
32 disability retirees, is amended to require a disability retiree
33 to provide the PORS board a copy of the beneficiary's federal
34 individual tax return and such other information the system
35 deems necessary. Current law only requires the beneficiary to

1 provide a copy of the beneficiary's state income tax return.
2 The subsection is also amended to provide that a disability
3 beneficiary who is restored to active service and then
4 subsequently retires is entitled to service credit for no more
5 than two years of the period of disability retirement. Current
6 law allows a service credit for all years of the disability
7 retirement.

8 Code section 97A.8, concerning the financing of PORS, is
9 amended. The bill provides that the employer contribution rate
10 will continue to increase 2 percentage points per year until
11 reaching the lesser of 37 percent or the amount determined
12 actuarially beginning July 1, 2017. Current law increases
13 the employer contribution rate by 2 percentage points until
14 reaching a maximum of the lesser of 27 percent or the amount
15 determined actuarially beginning July 1, 2012. The bill also
16 increases the employee contribution rate by 0.5 percentage
17 points for four years beginning July 1, 2011, from 9.35 percent
18 of pay, until reaching 11.35 percent beginning on and after
19 July 1, 2014. The section is also amended to provide that
20 the cost to cover any increase in cost to PORS resulting from
21 any statutory changes enacted after January 1, 2011, shall be
22 divided with 60 percent of the increased cost paid by employers
23 and 40 percent by the employees, if the increased cost cannot
24 be absorbed within the contribution rates otherwise established
25 at that time.

26 Code section 97A.10, concerning purchase of eligible service
27 credit, is amended. The bill provides that a member of PORS
28 who was a member of the municipal fire and police retirement
29 system (MFPRSI) prior to January 1, 1992, may purchase service
30 under PORS for service under MFPRSI that was not eligible to
31 be transferred to PORS by paying the actuarial cost of the
32 purchase less an amount equal to the contributions the member
33 made to MFPRSI for that service. The bill provides for an
34 appropriation to the retirement fund for the cost of providing
35 this purchase of service credit.

1 Code section 97A.11, concerning contributions by the state,
2 is amended to provide that the PORS board shall certify the
3 state's contribution rate for the upcoming fiscal year by
4 January, instead of November.

5 New Code section 97A.11A provides for a supplemental
6 appropriation from the general fund to the PORS retirement fund
7 of \$5 million per fiscal year, beginning July 1, 2012, until
8 the end of the fiscal year in which PORS reaches a funded ratio
9 of assets to liabilities of at least 85 percent.

10 Code section 97A.14, concerning hospitalization and medical
11 attention for members injured while in the performance of
12 their duties, is amended to provide a description of what
13 constitutes medical attention, require beneficiaries to submit
14 reimbursement claims within 12 months, and provide that the
15 requirement to provide reimbursement ceases once the disability
16 beneficiary is no longer receiving a disability retirement
17 benefit.

18 The bill provides that it is the intent of the general
19 assembly that the applicable amount used for each adjustment
20 of a pension payable to retired members as provided in Code
21 section 97A.6(14)(a)(2) shall be the exact dollar amount listed
22 for each year described in statute.

23 The bill directs the PORS board to conduct a comprehensive
24 examination of the plan design of PORS and to submit a report,
25 by October 15, 2011, to the public retirement systems committee
26 concerning the results of the examination and any other
27 recommendations for benefit or other statutory changes to PORS.
28 The PORS board is also directed to conduct a contribution rate
29 study for submission to the public retirement systems committee
30 by October 15, 2015.

31 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS). Code
32 section 97B.1A, is amended to add a definition for final
33 average covered wage. The bill provides that a member's final
34 average covered wage is the greater of the member's highest
35 five years of a covered wage or the member's three-year average

1 covered wage as of June 30, 2012. The new definition provides
2 that a member's highest five years of covered wages shall be
3 the lesser of the member's highest five years of covered wages
4 or an amount equal to 134 percent of the member's highest
5 calendar year of wages not used in calculating the member's
6 five-year average covered wage. The bill provides that for the
7 period from July 1, 2010, until June 30, 2012, a member's final
8 average covered wage shall be the member's three-year average
9 covered wage.

10 Code section 98B.1A(25), concerning the definition of vested
11 member, is amended to provide that beginning July 1, 2012, a
12 member in regular service shall be vested if the member has
13 completed at least seven years of service or has attained
14 the age of 65 or greater while in covered employment. For
15 members in special service, the bill provides that a member
16 is vested if the member has completed at least four years of
17 special service or has attained the age of 55 or greater while
18 in covered employment. Current law provides that for both
19 members in regular and special service, a member is vested
20 upon completing at least four years of any service or has
21 attained the age of 55 while an active member of the system.
22 The bill establishes a definition for vested by service which
23 is included within the definition of vested member and includes
24 only those vesting provisions which are based upon years of
25 membership service and not solely based upon the age of the
26 member.

27 Code section 97B.4(2)(c) is amended by striking the
28 provision which authorized the system to enter into a biennial
29 agreement with the department of administrative services
30 concerning the sharing of resources between IPERS and the
31 department.

32 Code section 97B.4(4)(a), concerning the annual report
33 to the governor, is amended by striking the inclusion of
34 information relative to investment management expenses
35 described in Code section 97B.7(3)(d). Legislation enacted

1 in 2008 struck the requirement in Code section 97B.7(3)(d)
2 limiting investment management expenses to 0.4 percent of the
3 fund value.

4 Code section 97B.11, concerning contributions by employer
5 and employee, is amended to provide that beginning July
6 1, 2011, the required contribution for IPERS regular
7 servicemembers may vary by 1 percentage point from the required
8 contribution rate for the previous year. Current law only
9 allows a 0.5 percentage point variance and also applies to all
10 categories of IPERS members. The bill also provides that the
11 required contribution rate for regular members in IPERS shall
12 be 13.45 percent for the fiscal year beginning July 1, 2011.

13 Code section 97B.49A, concerning the calculation of a
14 retirement allowance for regular members of IPERS, is amended
15 to provide that the benefit shall be calculated using the
16 member's final average covered wage and not the member's
17 three-year average covered wage.

18 Code section 97B.49D, concerning the hybrid formula, is
19 amended to provide that a person is eligible to utilize this
20 formula if the member is vested by service, based upon the
21 new definition added in this bill. The Code section is also
22 amended to provide that the calculation of the regular member's
23 portion of the benefit shall be calculated using the member's
24 final average covered wage and not the member's three-year
25 average covered wage.

26 Code section 97B.50, concerning penalties for early
27 retirement, is amended to provide that for a member who is
28 not vested on June 30, 2012, and who retires and receives a
29 retirement allowance prior to the member's normal retirement
30 date, the retirement allowance shall be reduced by 0.5 percent
31 for each month the early retirement date precedes the date
32 the member attains age 65. If the member is vested on June
33 30, 2012, the bill provides that the portion of the member's
34 retirement allowance based upon years of service prior to June
35 30, 2012, shall be reduced, based on current law, by 0.25

1 percent for each month that the retirement allowance precedes
2 the member's earliest normal retirement date and the portion of
3 the member's retirement allowance based upon years of service
4 after June 30, 2012, shall be reduced in the same manner as for
5 members who were not vested on June 30, 2012. This provision
6 takes effect June 30, 2012.

7 Code section 97B.50A, concerning disability benefits for
8 special service members, is amended to provide that certain
9 cancers and infectious diseases contracted by special service
10 members in a protection occupation are presumed to be a disease
11 contracted while on active duty due to the job for purposes of
12 establishing a disability pension or providing a death benefit.

13 Code section 97B.52, concerning death benefits, is amended
14 to utilize the years-of-service definition created in this
15 bill.

16 Code section 97B.52A, concerning the determination of a
17 bona fide retirement under IPERS, is amended. Current law
18 allows, until July 2010, a person to retire, receive retirement
19 benefits, and to return to covered employment as a licensed
20 health care professional at a public hospital after one month
21 and still receive retirement benefits. Most retirees under
22 IPERS are not allowed to return to covered employment and
23 continue to receive retirement benefits until at least four
24 months after they retire. The bill extends the sunset of
25 this shortened period for licensed health care professionals
26 from July 2010 to July 2012. This provision of the bill also
27 provides that a person retired under IPERS may return to
28 noncovered employment as a member of the national guard called
29 to state active duty at any time for purposes of determining a
30 bona fide retirement under IPERS. These provisions take effect
31 upon enactment and the provision relative to the national guard
32 is retroactively applicable to May 25, 2008.

33 2009 Iowa Acts, chapter 170, is amended. That provision
34 allowed an IPERS member to purchase additional wage credits
35 equal to the pay the member would have received if the member

1 was not furloughed and received a reduction in pay from
2 January 1, 2009, until June 30, 2010. The bill extends this
3 provision until June 30, 2011, and allows a person who has
4 an employee-exercised reduction in pay by means of taking
5 a reduction in pay through exercising union bumping rights
6 the ability to purchase these wage credits. This provision
7 takes effect upon enactment and is retroactively applicable to
8 January 1, 2009.

9 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM (MFPRSI).
10 Code section 411.1(22), concerning the definition of surviving
11 spouse, is amended to provide that the term is not limited to
12 situations in which the member was in active service at the
13 time of death.

14 Code section 411.6(3), concerning ordinary disability
15 retirement benefit, is amended to define knowledge of a
16 preexisting medical condition that may disqualify a person from
17 benefits in the same manner as it is defined for purposes of an
18 accidental disability retirement under section 411.6(5).

19 Code section 411.6(8), concerning ordinary death benefits,
20 is amended to provide that a surviving spouse may elect a
21 pension in lieu of the death benefit otherwise payable if the
22 surviving spouse is the beneficiary based on the member's
23 designation or by default if the member did not designate a
24 beneficiary or the designated beneficiary predeceased the
25 member.

26 Code section 411.6B, concerning rollovers of member's
27 accounts, is amended to comply with the nonspouse rollover
28 mandate of the federal Worker, Retiree, and Employer Recovery
29 Act of 2008.

30 Code section 411.9, concerning military service, is amended.

31 New subsection 1A provides that if a member dies while
32 performing qualified military service, the member shall be
33 treated as if the member was an active employee under MFPRSI
34 for purposes of determining benefits under MFPRSI arising out
35 of that date. This provision takes effect upon enactment and

1 applies to deaths occurring on or after January 1, 2007.

2 New subsection 1B provides that if a member who is absent
3 while serving in the armed services is receiving a differential
4 wage from the member's city, the member is treated as an
5 employee of the employer making the payment and an active
6 member of the system, the differential wage payment is treated
7 as earnable compensation of the member, and the system is not
8 treated as failing to meet the requirements of any provision
9 described in the federal Internal Revenue Code by reason of
10 any contribution or benefit which is based on the differential
11 wage payment. This provision takes effect upon enactment and
12 applies retroactively to December 31, 2008.

13 Code section 411.20, concerning a state appropriation
14 to MFPRSI, is repealed. That Code section required an
15 appropriation from the general fund of the state to MFPRSI
16 for each fiscal year an amount necessary to finance the cost
17 of benefits provided in Code chapter 411 by amendments of the
18 Acts of the Sixty-sixth General Assembly. Code section 8.59
19 had frozen this appropriation to those amounts expended for the
20 fiscal year commencing July 1, 1992. The bill does provide
21 that an appropriation to MFPRSI from the general fund during FY
22 2010-2011 of \$1,500,000, and during FY 2011-2012 of \$750,000.

23 New Code section 411.36A establishes a benefits advisory
24 committee within MFPRSI whose duty is to consider and make
25 recommendations to the general assembly concerning benefits
26 and services provided to members of MFPRSI. The bill provides
27 that the committee shall consist of five voting members, two
28 from participating cities appointed by the Iowa league of
29 cities, one active or retired fire fighter appointed by the
30 Iowa association of professional fire fighters, one active
31 or retired police officer appointed by the Iowa state police
32 association, and one citizen member appointed by the other
33 members of the committee.

34 The bill also directs the MFPRSI benefits advisory committee
35 to conduct a comprehensive examination of the plan design of

1 MFPRSI and to submit a report, by October 15, 2011, to the
2 public retirement systems committee concerning the results of
3 the examination and any other recommendations for benefit or
4 other statutory changes to MFPRSI.